

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 EUR-12 AF-08 EA-07 COME-00

AGRE-00 IO-13 STR-04 TRSE-00 OMB-01 ITC-01 L-03

CIAE-00 INR-07 NSAE-00 SS-15 NSC-05 SAB-02 SP-02

DODE-00 PM-04 /099 W

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 1074

INFO AMEMBASSY SAN JOSE

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EO 11652:N/A

TAGS: EAGR, ETRD, PN

SUBJECT: CONCERNS OF PRIVATE SUGAR PRODUCER REGARDING POSSIBLE
U.S. RESTRICTIONS ON SUGAR IMPORTS

1. MR. CARLOS ARIAS, JR., DIRECTOR, LA ESTRELLA SUGAR CORP.,
MET WITH EMBOFF MARCH 11 AND ASKED THAT THESE VIEWS
AND CONCERNS REGARDING THE SUGAR SITUATION BE PASSED TO
THE APPROPRIATE AUTHORITIES IN WASHINGTON.

2. MR. ARIAS IS DIRECTOR OF ONE OF THE TWO PRIVATE SUGAR-
PRODUCING ENTERPRISES IN PANAMA.

3. MR. ARIAS IS CONCERNED OVER WORLDWIDE SUGAR PROBLEMS AND
PARTICULARLY BY REPORTS OF A MOVEMENT BY SUGAR PRODUCERS IN
THE UNITED STATES TO HAVE THE U.S. GOVERNMENT ESTABLISH OR
MAINTAIN BETTER PRICES, BUT HE HAS ALSO HEARD THAT A COMM-
MISSION MAY BE RECOMMENDING TO PRESIDENT CARTER A NEW
LAW SETTING COUNTRY QUOTAS ON SUGAR IMPORTS TO THE U.S.
THIS WOULD BE ADVANTAGEOUS TO THE U.S. AND COULD ALSO BE ADVANT-
AGEOUS TO EXPORTING COUNTRIES TO THE EXTENT THAT IT GIVES
THEM AN ASSURED MARKET. HOWEVER, ARIAS IS WORRIED BECAUSE
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PANAMA IS IN A SPECIAL SITUATION WHICH HE FEELS CALLS FOR
PARTICULAR ATTENTION. PANAMA HAS UNDERGONE CONSIDERABLE
RECENT GROWTH BECAUSE OF THE GOVERNMENT ENTRY INTO THE
SUGAR BUSINESS WITH THREE NEW MILLS RECENTLY ESTABLISHED
OR NEARING COMPLETION. A FEW YEARS AGO PANAMA HAD
ONLY TWO MILLS AND PRODUCED 65-70,000 TONS FOR EXPORT.
NOW (1977) EXPORT CAPACITY WILL BE 125,000 TONS AND

BY 1978 WILL BE 200-220,000 TONS.

4. HISTORICALLY PANAMA SHIPS SUGAR TO U.S. GULF PORTS WHICH IT DOES NOT CONSIDER THE INTERNATIONAL MARKET. SHIPS CARRYING SUGAR TO THE U.S. ARE LIMITED TO THE 2000 TO 4000 TONS RANGE BECAUSE THEY OPERATE OUT OF THE SMALL PORTS IN CHIRIQUI WHICH WILL NOT ACCOMMODATE THE LARGER BOATS OF 6-7,000 TONS OR MORE WHICH WOULD BE NECESSARY FOR ECONOMICALLY FEASIBLE SHIPMENT TO INTERNATIONAL MARKETS SUCH AS GERMANY OR JAPAN. THE COST OF GROUND TRANSPORTATION FROM SUGAR-PRODUCING AREAS IN PANAMA TO A DEEP-WATER PORT SUCH AS COLON WOULD BE PROHIBITIVE.

5. PANAMA HAS A LONG HISTORY OF SUGAR SALES TO THE U.S. AND HAS WELL-DEVELOPED CONTACTS THERE. THE GOVERNMENT SUGAR ENTERPRISE, LA VICTORIA, HAS SIGNIFICANT FUTURE CONTRACTS FOR DELIVERY OF SUGAR TO THE GREAT WESTERN SUGAR CORPORATION OVER THE NEXT FIVE YEARS RANGING UP TO 75-80,000 TONS PER YEAR AT FORMULA PRICING SLIGHTLY OVER WORLD MARKET PRICE. IN THE PAST, THE TWO PRIVATE MILLS HAVE BEEN EXPORTING ABOUT HALF OF THEIR COMBINED PRODUCTION OF 100,000 TONS TO THE U.S.

6. ARIAS FEARS THE ESTABLISHMENT OF A PANAMA QUOTA OF, SAY, 100,000 TONS, COULD BE TATAMOUNT TO PRECLUDING EXPORTS TO THE U.S. FROM THE PRIVATE PRODUCERS SINCE THE QUOTA COULD BE EXHAUSTED THROUGH GOVERNMENT PRODUCTION. ARIAS SEES A CERTAIN IRONY IN THIS SITUATION STEMMING FROM THE ENCOURAGEMENT WHICH THE U.S. HAS GIVEN LIMITED OFFICIAL USE

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PANAMA TO INCREASE SUGAR PRODUCTION. FURTHERMORE, HE FEELS THAT SINCE PANAMA BUYS THE BULK OF ITS IMPORTS FROM THE U.S., IT WOULD ONLY BE FITTING IF THE U.S. WERE TO GIVE SOME CONSIDERATION TO PANAMA'S EFFORTS TO CLOSE ITS UNFAVORABLE TRADE GAP BY BUYING ONE COMMODITY THAT PANAMA PRODUCES WHICH THE U.S. NEEDS--SUGAR.

7. ARIAS UNDERSTOOD THAT THE ITC IS MAKING A STUDY TO BE FINISHED BY MARCH 17 TO ENABLE PRESIDENT CARTER TO MAKE AN EARLY DECISION ON THE MATTER.

8. EMBASSY HAS JUST LEARNED THAT MR. ARIAS LEFT FOR WASHINGTON SUNDAY NIGHT MARCH 13 TO DISCUSS THESE CONCERNS WITH THE ITC AND THE DEPARTMENT OF STATE.

JORDEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 15-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770090-0305
Format: TEL
From: PANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770358/aaaabzfi.tel
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Litigation History:
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